



March 13, 2007

ENGROSSED SENATE BILL No. 128

DIGEST OF SB 128 (Updated March 7, 2007 12:38 pm - DI 92)

Citations Affected: IC 36-8; noncode.

Synopsis: Pensions. Authorizes the transfer of service credit and contributions from the 1977 police officers' and firefighters' pension and disability fund to the public employees' retirement fund (PERF) for appointed police and fire chiefs. Waives all credit for service in the 1977 fund if the transfer to PERF is made. Extends the pilot program for the defined contribution plan of the legislator's retirement system until July 1, 2010. (The introduced version of this bill was prepared by the pension management oversight commission.)

Effective: July 1, 2007.

Young R Michael, Waltz

(HOUSE SPONSORS — TYLER, BUELL, BATTLES)

January 8, 2007, read first time and referred to Committee on Pensions and Labor.
February 1, 2007, reported favorably — Do Pass.
February 6, 2007, read second time, ordered engrossed. Engrossed.
February 8, 2007, read third time, passed. Yeas 45, nays 0.

HOUSE ACTION

February 26, 2007, read first time and referred to Committee on Ways and Means.
March 12, 2007, amended, reported — Do Pass.

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ES 128—LS 6016/DI 102+



March 13, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 128

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 36-8-8-7.2 IS ADDED TO THE INDIANA CODE
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2007]: **Sec. 7.2. (a) This section applies to an individual:**

4 **(1) who becomes a member of the 1977 fund under section**
5 **7(h) of this chapter;**

6 **(2) whose appointment as a fire chief or police chief ends after**
7 **June 30, 2007; and**

8 **(3) who is not eligible to receive a benefit from the 1977 fund**
9 **at the end of the individual's appointment as a fire chief or**
10 **police chief.**

11 **(b) A fund member described in subsection (a) may elect:**

12 **(1) to receive the fund member's contributions to the 1977**
13 **fund under section 8 of this chapter; or**

14 **(2) to transfer the fund member's service credit to PERF**
15 **under subsection (c).**

16 **(c) If a fund member makes the election described in subsection**
17 **(b)(2), the PERF board shall:**

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(1) grant to the fund member service credit in PERF for all service earned in the 1977 fund; and

(2) transfer from the 1977 fund to PERF:

(A) the fund member's contributions to the 1977 fund; plus

(B) the present value of the unreduced benefit that would be payable to the transferring fund member upon retirement under section 10 of this chapter.

(d) The PERF board shall deposit the amounts transferred to PERF under subsection (c) as follows:

(1) The fund member's contributions to the 1977 fund shall be credited to the fund member's PERF annuity savings account.

(2) The present value of the unreduced benefit that would be payable to the transferring fund member upon retirement under section 10 of this chapter shall be credited to PERF's retirement allowance account.

(e) For a fund member who makes the election described in subsection (b)(2), all credit for service in the 1977 fund is waived.

SECTION 2. IC 36-8-8-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) Each fund member shall contribute during the period of ~~his~~ **the fund member's** employment or for thirty-two (32) years, whichever is shorter, an amount equal to six percent (6%) of the salary of a first class patrolman or firefighter. However, the employer may pay all or a part of the contribution for the member. The amount of the contribution, other than contributions paid on behalf of a member, shall be deducted each pay period from each fund member's salary by the disbursing officer of the employer. The employer shall send to the PERF board each year on March 31, June 30, September 30, and December 31, for the calendar quarters ending on those dates, a certified list of fund members and a warrant issued by the employer for the total amount deducted for fund members' contributions.

(b) **Except as provided in section 7.2 of this chapter**, if a fund member ends ~~his~~ **the fund member's** employment other than by death or disability before ~~he~~ **the fund member** completes twenty (20) years of active service, the PERF board shall return to ~~him~~ **the fund member** in a lump sum ~~his~~ **the fund member's** contributions plus interest as determined by the PERF board. If the fund member returns to service, ~~he~~ **the fund member** is entitled to credit for the years of service for which ~~his~~ **the fund member's** contributions were refunded if ~~he~~ **the fund member** repays the amount refunded to ~~him~~ **the fund member** in either a lump sum or a series of payments determined by the PERF board.

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SECTION 3. P.L.29-2006, SECTION 4, IS AMENDED TO READ
AS FOLLOWS [EFFECTIVE JULY 1, 2007]: SECTION 4. (a) As used
in this SECTION, "PERF board" refers to the public employees'
retirement fund board of trustees established by IC 5-10.3-3-1.

(b) As used in this SECTION, "fund" refers to the fund for the
defined contribution plan of the legislators' retirement system
established by IC 2-3.5-3-2.

(c) Beginning January 1, 2004, the PERF board shall conduct a pilot
program concerning:

- (1) the implementation of a member's investment selection; and
- (2) the crediting of a member's contributions and earnings;
for the fund.

(d) The pilot program referred to in subsection (c) must include the
following elements:

(1) Notwithstanding IC 2-3.5-5-3(b)(2), the PERF board shall
implement a member's selection under IC 2-3.5-5-3 not later than
the next business day following receipt of the member's selection
by the PERF board. This date is the effective date of the member's
selection.

(2) Notwithstanding IC 2-3.5-5-3(b)(7), all contributions to a
member's account in the fund must be allocated under
IC 2-3.5-5-3 not later than the last day of the quarter in which the
contributions are received and reconciled in accordance with the
member's most recent effective direction.

(3) Notwithstanding IC 2-3.5-5-3(c) and IC 2-3.5-5-3(d), when a
member retires, becomes disabled, dies, or withdraws from the
fund, the amount credited to the member is the market value of
the member's investment as of five (5) business days preceding
the member's distribution or annuitization at retirement, disability,
death, or withdrawal, plus contributions received after that date.

(4) Notwithstanding IC 2-3.5-5-4, contributions to the fund under
IC 2-3.5-5-4 must be credited to the fund not later than the last
day of the quarter in which the contributions were deducted.

(5) Notwithstanding IC 2-3.5-5-5, the state shall make
contributions under IC 2-3.5-5-5 to the fund not later than the last
day of each quarter. The contributions must equal twenty percent
(20%) of the annual salary received by each participant during
that quarter.

(e) Before November 1 ~~2006~~, **of each year**, the PERF board shall
report to the pension management oversight commission established by
IC 2-5-12 the results of the pilot program referred to in subsection (c)
and shall recommend proposed legislation if the report includes a

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1 finding that the pilot program should be implemented on a permanent
2 basis. If the PERF board recommends implementing the pilot program
3 on a permanent basis, the PERF board shall provide to the pension
4 management oversight commission a schedule to implement the
5 elements of the pilot program on a permanent basis for all funds for
6 which it has responsibility.

7 (f) This SECTION expires July 1, ~~2007~~ 2010.

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SENATE MOTION

Madam President: I move that Senator Waltz be added as second author of Senate Bill 128.

YOUNG R MICHAEL

 COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 128, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 128 as introduced.)

KRUSE, Chairperson

Committee Vote: Yeas 10, Nays 1.

 COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 128, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, after line 42, begin a new paragraph and insert:

"SECTION 3. P.L.29-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: SECTION 4. (a) As used in this SECTION, "PERF board" refers to the public employees' retirement fund board of trustees established by IC 5-10.3-3-1.

(b) As used in this SECTION, "fund" refers to the fund for the defined contribution plan of the legislators' retirement system established by IC 2-3.5-3-2.

(c) Beginning January 1, 2004, the PERF board shall conduct a pilot program concerning:

- (1) the implementation of a member's investment selection; and
- (2) the crediting of a member's contributions and earnings; for the fund.

(d) The pilot program referred to in subsection (c) must include the following elements:

- (1) Notwithstanding IC 2-3.5-5-3(b)(2), the PERF board shall

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implement a member's selection under IC 2-3.5-5-3 not later than the next business day following receipt of the member's selection by the PERF board. This date is the effective date of the member's selection.

(2) Notwithstanding IC 2-3.5-5-3(b)(7), all contributions to a member's account in the fund must be allocated under IC 2-3.5-5-3 not later than the last day of the quarter in which the contributions are received and reconciled in accordance with the member's most recent effective direction.

(3) Notwithstanding IC 2-3.5-5-3(c) and IC 2-3.5-5-3(d), when a member retires, becomes disabled, dies, or withdraws from the fund, the amount credited to the member is the market value of the member's investment as of five (5) business days preceding the member's distribution or annuitization at retirement, disability, death, or withdrawal, plus contributions received after that date.

(4) Notwithstanding IC 2-3.5-5-4, contributions to the fund under IC 2-3.5-5-4 must be credited to the fund not later than the last day of the quarter in which the contributions were deducted.

(5) Notwithstanding IC 2-3.5-5-5, the state shall make contributions under IC 2-3.5-5-5 to the fund not later than the last day of each quarter. The contributions must equal twenty percent (20%) of the annual salary received by each participant during that quarter.

(e) Before November 1 ~~2006~~, **of each year**, the PERF board shall report to the pension management oversight commission established by IC 2-5-12 the results of the pilot program referred to in subsection (c) and shall recommend proposed legislation if the report includes a finding that the pilot program should be implemented on a permanent basis. If the PERF board recommends implementing the pilot program on a permanent basis, the PERF board shall provide to the pension management oversight commission a schedule to implement the elements of the pilot program on a permanent basis for all funds for which it has responsibility.

(f) This SECTION expires July 1, ~~2007~~ **2010**."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 128 as printed February 2, 2007.)

CRAWFORD, Chair

Committee Vote: yeas 17, nays 0.

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